



WEINLANDER FITZHUGH

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C.O.O.R INTERMEDIATE SCHOOL DISTRICT ROSCOMMON, MICHIGAN

FINANCIAL STATEMENTS JUNE 30, 2008

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Independent Auditors' Report

October 22, 2008

WALTER G. WEINLANDER, CPA
ROY A. SCHAIER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
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To the Board of Education
C.O.O.R. Intermediate School District
Roscommon, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of C.O.O.R. Intermediate School District as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of C.O.O.R. Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of C.O.O.R. Intermediate School District as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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WEINLANDER FITZHUGH

To the Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008, on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but is supplemental information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise C.O.O.R Intermediate School District's basic financial statements. The combining and individual nonmajor fund financial statements, debt schedules, and schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, debt schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Our discussion and analysis of the C.O.O.R Intermediate School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2008.

Financial Highlights

The School District's net assets increased by approximately \$311,000 or 6.6%. Program revenues accounted for approximately \$6,833,000 or 56% of total revenues, and general revenues accounted for approximately \$5,361,000 or 44%.

The General Fund reported a positive fund balance of approximately \$1,756,000. The Special Education Fund reported a fund balance of approximately \$443,000. The Career and Technical Education Fund reported a fund balance of approximately \$374,000.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand C.O.O.R Intermediate School District financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds, the General Fund, Special Education Fund and the Career and Technical Education Fund, with all other funds presented in one column as nonmajor funds. The proprietary fund financial statements present financial information on the School District's Internal Service Fund. The Internal Service Fund provides employee benefit insurance services to the various funds of the School District. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- District-wide Financial Statements
- Fund Financial Statements – Governmental and Proprietary Funds
- Notes to the Basic Financial Statements

Budgetary Information for the General, Special Education and Career and Technical Education Fund
(Required Supplemental Information)

Other Supplemental Information

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the School District's finances is, "Is the School District better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School District's net assets as a way to measure the School District's financial position. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the School District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The School District has two types of funds, which are the governmental and proprietary funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Fund

The School District operates a proprietary fund referred to as an internal service fund. Internal Service Funds are used to account for activities that provide services for the School District's other Funds and activities. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The School District uses the Internal Service Fund to account for certain employee benefit insurance programs.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

District-wide Financial Analysis

The statement of net assets provides the perspective of the School District as a whole. Exhibit A provides a summary of the School District's net assets as of June 30:

<u>Exhibit A</u>	<u>Governmental Activities</u>	
	(In Thousands)	(In Thousands)
	<u>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$ 5,484	\$ 4,875
Capital assets - net of accumulated depreciation	<u>1,865</u>	<u>1,969</u>
Total assets	<u>7,349</u>	<u>6,844</u>
Liabilities		
Current liabilities	1,732	1,544
Long-term liabilities	<u>607</u>	<u>601</u>
Total liabilities	<u>2,339</u>	<u>2,145</u>
Net Assets		
Invested in property and equipment	1,865	1,969
Restricted	2,130	1,646
Unrestricted	<u>1,015</u>	<u>1,084</u>
Total net assets	<u>\$ 5,010</u>	<u>\$ 4,699</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Exhibit A focuses on net assets of the School District. The School District's net assets were approximately \$5,010,000 at June 30, 2008. Capital assets totaling \$1,865,000 compares the original costs, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets, if any. The only financed debt the School District has is for the Durant Bonds, the proceeds of which were distributed to the local districts; therefore the debt has been subtracted from unrestricted net assets. Restricted net assets are reported separately to show legal constraints for fund and program purposes that limit the School District's ability to use those net assets for day-to-day operations.

The \$1,015,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

The results of this year's operations for the School District as a whole are reported in the statement of activities (Exhibit B), which shows the changes in net assets for the years ended June 30, 2008 and 2007.

<u>Exhibit B</u>	<u>Governmental Activities</u>	
	(In Thousands) <u>2008</u>	(In Thousands) <u>2007</u>
Revenue		
Program revenue:		
Charges for services	\$ 1,538	\$ 1,233
Grants and categoricals	5,295	5,173
General revenue:		
Property taxes	2,986	2,482
State foundation allowance	1,414	1,180
Other	961	1,157
Total Revenue	<u>12,194</u>	<u>11,225</u>
Function/Program Expenses		
Instruction	3,263	2,743
Support Services	5,710	5,558
Food Service	41	37
Transfers to local districts	2,683	2,733
Interest on long-term debt	15	13
Depreciation (unallocated)	171	169
Total Expenses	<u>11,883</u>	<u>11,253</u>
Increase (Decrease) in Net Assets	<u>\$ 311</u>	<u>\$ (28)</u>

As reported in the statement of activities, the cost of all of our *governmental* activities this year was approximately \$11,883,000. Certain activities were partially funded from those who benefited from the programs (approximately \$1,538,000) or by the other governments and organizations that subsidized certain programs with grants and categoricals (approximately \$5,295,000). We paid for the remaining "public benefit" portion of our governmental activities with approximately \$2,986,000 in taxes, \$1,414,000 in State revenues, and \$961,000 with our other revenues, such as interest and transfers.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

The School District experienced an increase in net assets of approximately \$311,000. The key reason for the positive change in net assets, even after recognizing depreciation expense, was the overall increase in the Special Education Fund fund balance and the continued accumulation of revenue in the Medicaid Administrative Outreach Fund. The increase in net assets differs from the change in fund balance and a reconciliation appears in the financial statements.

The School District's Funds

The School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

The School District's governmental funds reported a combined fund balance of approximately \$3,476,000 which is above last year's total of \$3,183,000. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2008 and 2007.

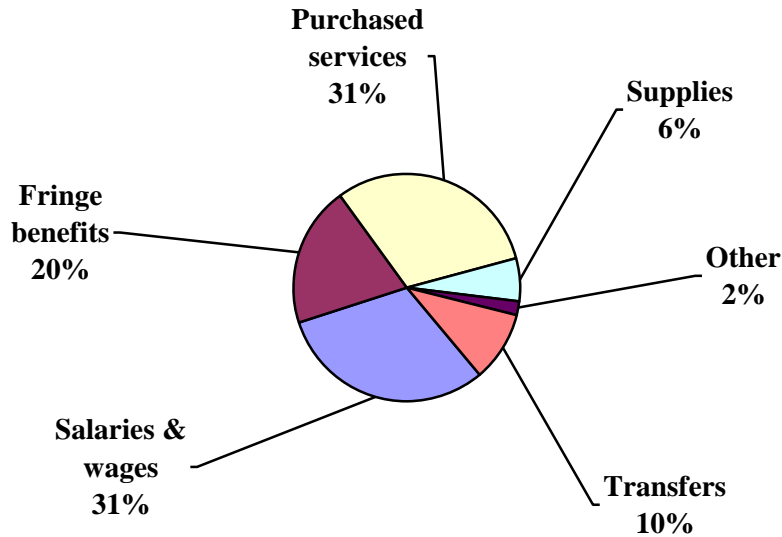
	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Fund Balance</u> <u>June 30, 2007</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 1,756,211	\$ 1,761,745	\$ (5,534)
Special Education	442,993	256,329	186,664
Career and Technical Education	374,467	360,831	13,636
Other Special Revenue Funds	901,991	804,090	97,901
Total	<u>\$ 3,475,662</u>	<u>\$ 3,182,995</u>	<u>\$ 292,667</u>

- Our General Fund decreased by approximately \$5,534 primarily as a result of controlling expenses and matching grant revenues with expenses.
- Our Special Education Fund increased by approximately \$187,000. The equity balance will fluctuate year to year since the Special Education Fund is designed to balance over time. Any excess equity is given back to the local districts and any equity shortage is made up from the local districts.
- Our Career and Technical Education Funds increased by approximately \$14,000 as a result of controlling expenses and matching grant revenues with expenses.
- All other special revenue funds increased by \$98,000 primarily as a result of the continued accumulation of revenue in the Medicaid Administrative Outreach Fund.

During fiscal year 2006 the School District established an Internal Service Fund for certain employee benefit insurance programs. The Internal Service fund accumulated net assets of \$410,861 as of June 30, 2008.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

As the graph below illustrates, the largest portions of General Fund expenditures are for salaries and fringe benefits.

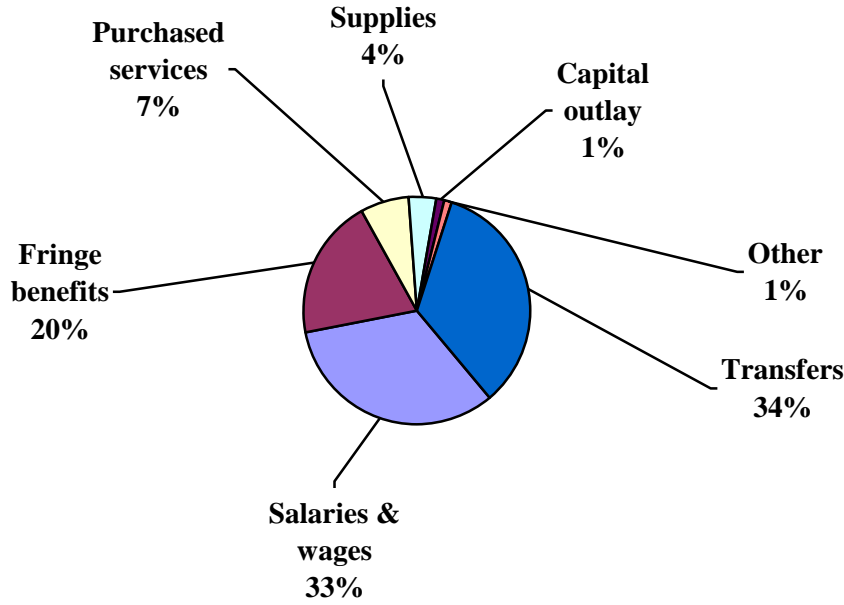


	2008	2007	Percentage Change
<i>Expenditures by Object</i>			
Salaries and wages	\$ 405,355	\$ 450,100	-10%
Fringe benefits	265,703	255,251	4%
Purchased services	403,938	448,400	-10%
Supplies	75,428	55,006	37%
Other	30,857	13,067	136%
Transfers	131,316	142,558	-8%
Total	<u>\$ 1,312,597</u>	<u>\$ 1,364,382</u>	<u>-4%</u>

Expenditures decreased approximately \$52,000 or 4% over the prior year mostly due to changes in salaries and wages and purchased services associated with specific programs funded by state categorical revenues.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

As the graph below illustrates, the largest portions of Special Education Fund expenditures are for salaries and fringe benefits.

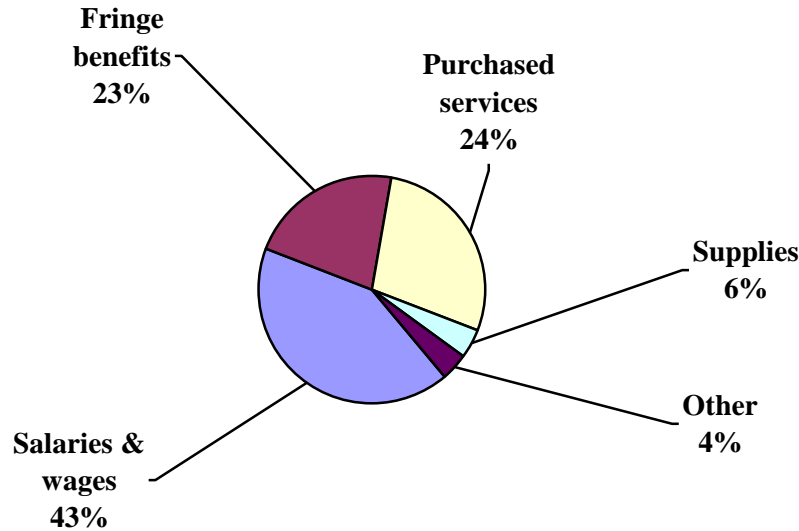


	2008	2007	Percentage Change
<i>Expenditures by Object</i>			
Salaries and wages	\$ 2,523,260	\$ 2,381,325	6%
Fringe benefits	1,541,458	1,446,396	7%
Purchased services	528,265	455,248	16%
Supplies	292,619	297,245	-2%
Capital outlay	66,798	68,021	-2%
Other	32,025	23,786	35%
Transfers	2,610,644	2,656,745	-2%
Total	<u>\$ 7,595,069</u>	<u>\$ 7,328,766</u>	<u>4%</u>

Expenditures are up approximately \$266,000 or 4% over the prior year due primarily to increases in salaries and wages, employee benefits and increased purchased services.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

As the graph below illustrates, the largest portions of Career and Technical Education Fund expenditures are for salaries and fringe benefits.



	2008	2007	Percentage Change
<i>Expenditures by Object</i>			
Salaries and wages	\$ 616,428	\$ 583,594	6%
Fringe benefits	326,559	305,263	7%
Purchased services	350,389	395,073	-11%
Supplies	86,596	59,224	46%
Other	59,679	57,169	4%
Total	<u>\$ 1,439,651</u>	<u>\$ 1,400,323</u>	<u>3%</u>

Expenditures are up approximately \$39,328 or 3% over the prior year mostly due to changes in wages and benefit costs associated with grant programs being run by the fund for the current year as compared to the prior year.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Budgetary Highlights

Over the course of the year, the School District revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes between the original and final amended budgets were as follows:

General Fund

- Budgeted revenues were amended to reflect increases in grant spending levels and to revise local revenue projections.
- Budgeted expenditures were increased to reflect changes in grant spending levels.
- Final actual revenue and expenditure totals were less than the final amended budget totals. There were no individually significant variances between the final budget and actual amounts.

Special Education

- Budgeted revenues were increased to reflect adjustments to property taxes and revisions to state aid allocation.
- Budgeted expenditures were increased to reflect changes in spending levels under grants from federal programs. The overall change was immaterial.
- Final actual revenue was greater than and expenditures were less than the final amended budget totals. There were no individually significant variances between the final budget and actual amounts.

Career and Technical Education Fund

- Budgeted revenues were decreased to reflect adjustments in anticipated state aid allocation and increases in federal program revenue.
- Budgeted expenditures were decreased to reflect changes in spending levels under grants from federal programs.
- Final actual revenue and expenditures were less than the final amended budget totals. There were no individually significant variances between the final budget and actual amounts.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Capital Assets

At June 30, 2008, the School District had approximately \$4,052,000 invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a decrease (including additions and disposals) of approximately \$46,000, or 1.1%, from last year.

	2008	2007
	(In Thousands)	(In Thousands)
Land	\$ 659	\$ 659
Buildings and improvements	2,395	2,395
Buses and other vehicles	663	709
Furniture and equipment	335	335
	<hr/>	<hr/>
Total capital assets	4,052	4,098
	<hr/>	<hr/>
Less accumulated depreciation	2,187	2,129
	<hr/>	<hr/>
Net capital assets	\$ 1,865	\$ 1,969
	<hr/> <hr/>	<hr/> <hr/>

This year's addition of approximately \$67,000 was for a new bus. No debt was issued for this addition. We present more detailed information about our capital assets in the notes to the financial statements.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

Debt

At the end of the year, the School District had bonds consisting of the following:

	<u>2008</u>	<u>2007</u>
Durant Bonds	<u>\$ 453,184</u>	<u>\$ 453,184</u>

The School District's General Obligation Bond rating continues to be equivalent to the State's credit rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District has no outstanding unqualified general obligation debt at this time.

Factors Expected to have an Effect on Future Operations

Our elected Board and administration consider many factors when setting the School District's 2008 fiscal year budget. The 2009 fiscal year budget was adopted in June 2008, based on property tax and state revenue estimates available at that time. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local and intermediate school district operations. Once final membership and added cost calculations can be made, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The state periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conferences, it appears the States will have to make adjustments to the state aid allocation as the year progresses.

The School District's fiscal management reflects both its conservative approach in projecting revenues and ongoing practice of providing programs and services in collaboration with constituent school districts, Kirtland Community College and other local agencies and organizations. These include:

- Center-Based Special Education Programs
- Career and Technical Education Programs
- Special Education Pupil Support Services
- Early Child Education Services
- Professional Development
- General Education Programs including Advanced Classes for college credit, Elementary Theater, Summer Enrichment Classes and the COOR Area Talent Search

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Management's Discussion & Analysis
For the Year Ended June 30, 2008

The School District's conservative approach in projecting revenues is reflected in its 2008/09 budget which was adopted in June 2008. The following assumptions were used:

Revenues

- Property Tax – 4% increase
- General Operations State Aid – no increase
- Math / Science Center – funding at the 2007/08 level
- Special Education – funding at 28.6138% of Allowable Cost
- IDEA Flow Thru – no increase
- Medicaid fee for service- 40% reduction

Expenditures

- Administrators – budget at 2007/08 rates with a contingency assuming a 2% increase
- Teachers – 1.5% increase
- Secretarial – 2.0% increase
- Support Personnel – 1.5% increase
- Employee Benefits Insurance Package – 6% increase based on the cap established in the negotiated labor contracts
- Retirement – increase from 16.72% to 16.74%

It is the practice of the School District to amend its budget twice during the fiscal year as actual revenue and expense information becomes available.

Request For Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of the Superintendent
C.O.O.R. Intermediate School District
11051 North Cut Road
P.O. Box 827
Roscommon, MI 48653-0827

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	Governmental Activities	Component Unit R.O.O.C., Inc.
<u>Assets</u>		
Cash and investments	\$ 4,235,689	\$ 503,079
Prepaid expenses and deposits	44,998	0
Receivables:		
Accounts receivable	447,517	155,682
Due from other governmental units	756,079	0
Inventory	0	7,306
Capital assets - net	1,864,768	386,805
	<hr/>	<hr/>
Total assets	7,349,051	1,052,872
	<hr/>	<hr/>
<u>Liabilities</u>		
Accounts payable	1,325,459	16,133
Accrued payroll and other liabilities	200,662	57,159
Deferred revenue	71,639	6,283
Interest payable	91,329	0
Long-term liabilities:		
Due within one year	42,714	0
Due in more than one year	607,396	0
Total liabilities	2,339,199	79,575
	<hr/>	<hr/>
<u>Net Assets</u>		
Investment in capital assets	1,864,768	386,805
Restricted for Special Education	439,676	0
Restricted for Career and Technical Education	374,467	0
Restricted for Special Revenue Funds	901,991	0
Restricted for programs	3,317	0
Restricted for Internal Service Funds	410,861	0
Unrestricted	1,014,772	586,492
	<hr/>	<hr/>
Total net assets	\$ 5,009,852	\$ 973,297
	<hr/>	<hr/>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

<u>Governmental Activities</u> <u>Functions/Programs</u>	Program Revenues			Governmental Activities	Component Unit
	Expenses	Charges for Services	Operating Grants/ Contributions	Net (Expense) Revenue and Changes in Net Assets	
Governmental activities:					
Instruction	\$ 3,262,934	\$ 828,948	\$ 951,908	\$ (1,482,078)	\$ 0
Support services	5,710,444	700,688	3,533,668	(1,476,088)	0
Food service	40,517	7,797	27,665	(5,055)	0
Transfers to other governmental units	2,683,148	0	782,036	(1,901,112)	0
Interest on long-term debt	14,523	0	0	(14,523)	0
Depreciation (unallocated)	171,401	0	0	(171,401)	0
Total governmental activities	<u>\$ 11,882,967</u>	<u>\$ 1,537,433</u>	<u>\$ 5,295,277</u>	<u>(5,050,257)</u>	<u>0</u>
<u>Component Unit</u>					
R.O.O.C., Inc.					
Support and program services	<u>\$ 1,150,075</u>	<u>\$ 147,708</u>	<u>\$ 960,323</u>	<u>0</u>	<u>(42,044)</u>
General revenues:					
Property taxes, levied for general purposes				2,986,213	0
State aid not restricted to specific purposes				1,414,454	0
Interest and investment earnings				133,844	17,244
Other				826,541	36,321
Total general revenues				<u>5,361,052</u>	<u>53,565</u>
Change in net assets				310,795	11,521
Net assets - beginning of year				<u>4,699,057</u>	<u>961,776</u>
Net assets - end of year				<u>\$ 5,009,852</u>	<u>\$ 973,297</u>

See accompanying notes to financial statements.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2008

	General	Special Education	Career and Technical Education	Nonmajor Governmental Funds	Total
<u>Assets</u>					
Cash and investments	\$ 1,482,496	\$ 1,201,077	\$ 275,442	\$ 846,878	\$ 3,805,893
Receivables:					
Accounts receivable	21,031	215,270	604	210,612	447,517
Due from other funds	236,229	0	0	8,017	244,246
Due from other governmental units	108,945	321,146	325,988	0	756,079
Prepaid expenses	0	90	0	38,558	38,648
Total Assets	<u>\$ 1,848,701</u>	<u>\$ 1,737,583</u>	<u>\$ 602,034</u>	<u>\$ 1,104,065</u>	<u>\$ 5,292,383</u>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accounts payable	\$ 59,303	\$ 1,044,085	\$ 191,661	\$ 6,688	\$ 1,301,737
Accrued payroll and other liabilities	2,225	183,549	14,887	0	200,661
Deferred revenue	30,962	40,677	0	0	71,639
Due to other funds	0	26,279	21,019	195,386	242,684
Total liabilities	<u>92,490</u>	<u>1,294,590</u>	<u>227,567</u>	<u>202,074</u>	<u>1,816,721</u>
<u>Fund Balance</u>					
Reserved for fund purposes	0	439,676	374,467	901,991	1,716,134
Reserved for programs	0	3,317	0	0	3,317
Unreserved/designated for future programs	400,548	0	0	0	400,548
Unreserved/undesignated	1,355,663	0	0	0	1,355,663
Total fund balance	<u>1,756,211</u>	<u>442,993</u>	<u>374,467</u>	<u>901,991</u>	<u>3,475,662</u>
Total Liabilities and Fund Balance	<u>\$ 1,848,701</u>	<u>\$ 1,737,583</u>	<u>\$ 602,034</u>	<u>\$ 1,104,065</u>	<u>\$ 5,292,383</u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Total fund balance - governmental funds		\$ 3,475,662
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
Cost of the capital assets	4,052,132	
Accumulated depreciation	<u>(2,187,364)</u>	
		1,864,768
Internal service funds are used by the district to charge costs of employee benefit programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		410,861
Interest expense used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds		(91,329)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds		
Bonds payable		(453,184)
Compensated absences		<u>(196,926)</u>
Total net assets - governmental activities		<u>\$ 5,009,852</u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2008

	General	Special Education	Career and Technical Education	Nonmajor Governmental Funds	Totals
<u>Revenues</u>					
Local sources:					
Property taxes	\$ 753,787	\$ 2,233,907	\$ 0	\$ 0	\$ 2,987,694
Other	59,070	622,396	10,194	38,463	730,123
State sources	431,149	1,913,254	248,262	1,266	2,593,931
Federal sources	63,057	2,213,339	935,053	122,316	3,333,765
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,307,063	6,982,896	1,193,509	162,045	9,645,513
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>					
Current:					
Instruction	151,752	1,877,396	660,752	0	2,689,900
Support services	1,029,529	3,107,029	778,899	463,545	5,379,002
Food service	0	0	0	40,517	40,517
Debt service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,181,281	4,984,425	1,439,651	504,062	8,109,419
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	125,782	1,998,471	(246,142)	(342,017)	1,536,094
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other Financing Sources (Uses)</u>					
Operating transfers in:					
Transfers in from other governmental units	0	798,837	219,778	421,106	1,439,721
Transfers in from other funds	0	0	40,000	18,812	58,812
Operating transfers out:					
Transfers out to other governmental units	(76,751)	(2,606,397)	0	0	(2,683,148)
Transfers out to other funds	(54,565)	(4,247)	0	0	(58,812)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(131,316)	(1,811,807)	259,778	439,918	(1,243,427)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(5,534)	186,664	13,636	97,901	292,667
Fund balance - beginning of year	1,761,745	256,329	360,831	804,090	3,182,995
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 1,756,211	\$ 442,993	\$ 374,467	\$ 901,991	\$ 3,475,662
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balance - total governmental funds		\$ 292,667
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation		
Depreciation expense	(171,401)	
Capital outlay	<u>66,798</u>	
		(104,603)
Internal service funds are used by the district to charge costs of employee benefit programs to individual funds. The net revenue of the internal service fund is reported with governmental activities		186,431
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		
Beginning of year	76,806	
End of year	<u>(91,329)</u>	
		(14,523)
Increases in compensated absences are reported as an increase to expense in the statement of activities; correspondingly, it is reported as a revenue when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6		<u>(49,177)</u>
Change in net assets of governmental activities		<u><u>\$ 310,795</u></u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Proprietary Fund
Statement of Fund Net Assets
June 30, 2008

	Governmental Activities
	<u>Internal Service</u>
	Fund -
	<u>Insurance</u>
<u>Assets</u>	
Current Assets:	
Cash	\$ 429,796
Prepaid expenses and deposits	6,350
Total current assets	<u>436,146</u>
 Total Assets	 <u>436,146</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	\$ 23,723
Due to other funds	1,562
Total current liabilities	<u>25,285</u>
 Total Liabilities	 <u>25,285</u>
<u>Net Assets</u>	
Reserved for CESSA Group	231,125
Reserved for Non-union Group	<u>179,736</u>
 Total Net Assets	 <u><u>\$ 410,861</u></u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenditures and Changes in Net Assets
For the Year Ended June 30, 2008

	Governmental Activities Internal Service Fund - Insurance
<u>Operating Revenues</u>	
Charges for services	\$ 1,099,369
<u>Operating Expenses</u>	
Employee benefits and administration	<u>922,097</u>
Operating income	177,272
<u>Non-operating Revenues</u>	
Interest earnings	<u>9,159</u>
Change in net assets	186,431
Net Assets - beginning of year	<u>224,430</u>
Net Assets - end of year	<u><u>\$ 410,861</u></u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2008

	Governmental Activities <u>Internal Service Fund - Insurance</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from internal services provided	\$ 1,099,369
Cash payments of employee benefits and administrative expenses	<u>(869,640)</u>
Net cash provided by operating activities	<u>229,729</u>
<u>Cash Flows from Investing Activities</u>	
Interest received on cash investments	<u>9,159</u>
Net cash provided by investing activities	<u>9,159</u>
Net increase in cash	238,888
Cash - beginning of year	<u>190,908</u>
Cash - end of year	<u><u>\$ 429,796</u></u>
<u>Reconciliation of operating income to net cash by operating activities:</u>	
Operating income	\$ 177,272
Adjustments to reconcile operating income to net cash by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses and deposits	48,530
Accounts payable	4,831
Due to other funds	<u>(904)</u>
Net cash provided by operating activities	<u><u>\$ 229,729</u></u>

See accompanying notes to financial statements

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C.O.O.R. Intermediate School District is an intermediate school district encompassing the constituent local school districts of Crawford AuSable, West Branch-Rose City Area, Fairview Area, Mio AuSable, Gerrish-Higgins and Houghton Lake, which are located in the four county areas of Crawford, Oscoda, Ogemaw and Roscommon Counties.

The accounting policies of C.O.O.R. Intermediate School District (the "School District") conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental and other nonprofit organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental and other nonprofit organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has one component unit, R.O.O.C., Inc.

C.O.O.R. Intermediate School District receives funding from local, state, and federal government sources and must comply with any related regulations and requirements of these funding source entities. The Intermediate School District is not, however, included in any other governmental "reporting entity" since the School Board, consisting of seven members, is elected and has decision-making authority, power to designate management, ability to significantly influence operations, and primary accountability in fiscal matters.

R.O.O.C., Inc., a Michigan nonprofit corporation, was organized to provide and maintain programs for mentally and physically handicapped persons who are residents of the C.O.O.R. Intermediate School District. The C.O.O.R. Intermediate School District Board of Directors is also the Board of Directors for R.O.O.C., Inc. In addition, C.O.O.R. Intermediate School District exercises significant oversight responsibility over the financial activities and transactions of R.O.O.C., Inc. Accordingly, R.O.O.C., Inc. is considered a component unit of the C.O.O.R. Intermediate School District.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for all governmental funds, including the proprietary internal service fund for insurance which is also included in the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statement.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Statements – The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund-based Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund – The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

Special Education Fund – The Special Education Fund is used to record all transactions associated with special education programs administered by the School District.

Career and Technical Education Fund – The Career and Technical Education Fund is used to record all transactions associated with all career and technical education programs administered by the School District.

The School District reports the following proprietary fund type:

Internal Service Fund – The Internal Service Fund accounts for revenue and costs associated with providing employee insurance services to certain employee groups with the School District. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds”.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvement	10-50 years
Buses and other vehicles	8 years
Furniture and equipment	5-15 years

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property Taxes – For C.O.O.R. Intermediate School District taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1 and/or December 31 of the following year. The final collection date is February 28, after which uncollected taxes are added to the County delinquent tax rolls.

State Aid – The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of school districts prior to the expenditure of monies in a fiscal year.

C.O.O.R. Intermediate School District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The School District's Superintendent submits to the Board a proposed budget prior to July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end and therefore cancel all encumbrances. These appropriations are re-established at the beginning of the following year.

During the year ended June 30, 2008, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 2 – BUDGETS (CONTINUED)

<u>Fund/Function</u>	<u>Final Amended Budget</u>	<u>Actual Revenue/ Expenditure</u>	<u>Variance</u>
General Fund:			
Revenues:			
Local sources: Other	\$ 86,000	\$ 59,070	\$ 26,930
State sources	436,197	431,149	5,048
Federal sources	69,233	63,057	6,176
Operating transfers in from other			
Governmental units	15,147	0	15,147
Expenditures:			
Support services - Pupil	95,571	95,703	132
Support services - Instructional staff	91,695	93,796	2,101
Support services - Business services	23,275	25,187	1,912
Special Education Fund:			
Revenues:			
Federal sources	2,224,942	2,213,339	11,603
Expenditures:			
Support services - Instructional staff	454,573	521,837	67,264
Support services - Business services	16,000	22,312	6,312
Operating transfers out to other funds	0	4,247	4,247
Career and Technical Education Fund:			
Revenues:			
Local sources: Other	14,000	10,194	3,806
State sources	251,163	248,262	2,901
Federal sources	994,538	935,053	59,485
Operating transfers in from other			
Governmental units	239,780	219,778	20,002

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General, Special Education and Career and Technical Education are presented as Required Supplemental Information.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

At year-end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash and investments	<u>\$ 4,235,689</u>	<u>\$ 503,079</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Deposits (checking and savings accounts)	\$ 1,123,207	\$ 1,000
Investments with an average maturity of 60 days or less:		
Interlocal agreement investment pools (i.e. MILAF)	434,190	4,001
Bank Municipal Investment Fund	2,678,142	497,778
Petty cash and cash on hand	<u>150</u>	<u>300</u>
Total	<u>\$ 4,235,689</u>	<u>\$ 503,079</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk- Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2008, \$1,025,149 of the School District's bank balance of \$1,125,207 was exposed to custodial credit risk because it was uninsured and exceeded the available federal depository insurance limits. As a result of overlap in bank account administration, the custodial credit risk of the Component Unit is included in the balances referred to above and cannot be presented for separate reporting.

Credit Risk - Investments

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the School District's and the Component Unit's investment in the investment pool and the Municipal Investment Fund were rated AAAm by Standard & Poor's.

The School District's and the Component Unit's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008	Component Unit
<u>Assets not being depreciated</u>					
Land	\$ 658,986	\$ 0	\$ 0	\$ 658,986	\$ 5,500
<u>Capital assets being depreciated</u>					
Buildings and improvements	2,394,830	0	0	2,394,830	822,135
Buses and other vehicles	708,470	66,798	112,543	662,725	140,164
Furniture and equipment	335,591	0	0	335,591	74,864
Subtotal	3,438,891	\$ 66,798	\$ 112,543	3,393,146	1,037,163
<u>Accumulated depreciation</u>					
Buildings and improvements	1,346,778	73,595	0	1,420,373	471,951
Buses and other vehicles	493,158	70,614	112,543	451,229	115,554
Furniture and equipment	288,570	27,192	0	315,762	68,353
Subtotal	2,128,506	\$171,401	\$ 112,543	2,187,364	655,858
Net capital assets being depreciated	1,310,385			1,205,782	381,305
Net capital assets	\$ 1,969,371			\$ 1,864,768	\$ 386,805

Depreciation for fiscal year ended June 30, 2008 amounted to \$171,401. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Component unit depreciation for fiscal year ended June 30, 2008 amounted to \$24,799.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A summary of interfund receivable and payable balances at June 30, 2008 and transfers made during the year ended June 30, 2008 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 236,229	\$ 0	\$ 0	\$ 54,565
Special Education	0	26,279	0	4,247
Career and Tech Ed	0	21,019	40,000	0
Other Nonmajor Funds	8,017	195,386	18,812	0
Total Governmental Funds	244,246	242,684	58,812	58,812
Internal Service Fund	0	1,562	0	0
	<u>\$ 244,246</u>	<u>\$ 244,246</u>	<u>\$ 58,812</u>	<u>\$ 58,812</u>

Interfund receivable and payable balances are the result of delays in interfund reimbursements. Transfers were made for program charges and to supplement Career and Technical Education operational costs.

NOTE 6 – RECEIVABLES

Receivables at June 30, 2008, consist of taxes, accounts (fees), intergovernmental grants and interest. A summary of the intergovernmental receivables (due from other governmental units) follows:

State Aid	\$ 432,002
Federal Grants	322,753
Other Grants, Programs and Fees	<u>1,324</u>
	<u>\$ 756,079</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 7 – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, grant and categorical aid payments received prior to meeting all eligibility requirements amounted to \$71,639.

NOTE 8 – LONG-TERM DEBT

The following is a summary of governmental long-term obligations for the School District for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements and Payments	Balance June 30, 2008	Amount Due Within One Year
Durant Bond	\$ 453,184	\$ 0	\$ 0	\$ 453,184	\$ 42,714
Compensated absences	147,749	49,177	0	196,926	0
Total	<u>\$ 600,933</u>	<u>\$ 49,177</u>	<u>\$ 0</u>	<u>\$ 650,110</u>	<u>\$ 42,714</u>

Bonds payable at June 30, 2008 is comprised of the following issues:

\$767,506, Durant Non-Plaintiff serial bonds
due in annual installments of \$53,893 to \$362,124
through May 1, 2013, interest at 4.76% \$ 453,184

The Durant Non-Plaintiff bond, including interest, was issued in anticipation of payment to the School District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The School District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

The Durant Non-Plaintiff bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitations. This Bond is payable both as to principal and interest solely from the State Aid payments described above.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Under the terms of the present contracts between the Board of Education of C.O.O.R. Intermediate School District and the various employee associations, the District is contingently liable for unused sick and vacation days. Each employee may accumulate various amounts of sick and vacation days and must be paid for them upon retirement. At June 30, 2008, the amount of \$196,926 has been reflected in the district-wide financial statements.

The annual requirements to amortize bonds outstanding as of June 30, 2008, including interest payments, are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 42,714	\$ 11,184	\$ 53,898
2010	263,043	99,081	362,124
2011	46,877	7,020	53,897
2012	49,106	4,788	53,894
2013	51,444	2,449	53,893
	<u>\$ 453,184</u>	<u>\$ 124,522</u>	<u>\$ 577,706</u>

NOTE 9 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 10 – DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Plan Description – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 17.74% for the period from July 1, 2007 to September 30, 2007 and 16.72% for the period from October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$646,710, \$663,183, and \$582,259, respectively.

Postemployment Benefits – Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS plan discussed above.

NOTE 11 – GRANTS

The School District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the School District administration believes such disallowance, if any, would be immaterial.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenues</u>			
Local sources:			
Property taxes	\$ 744,430	\$ 745,500	\$ 753,787
Other	70,000	86,000	59,070
State sources	391,328	436,197	431,149
Federal sources	99,375	69,233	63,057
	<u>1,305,133</u>	<u>1,336,930</u>	<u>1,307,063</u>
Total revenues			
	<u>1,305,133</u>	<u>1,336,930</u>	<u>1,307,063</u>
<u>Expenditures</u>			
Instruction:			
Added needs	173,193	170,183	151,752
Support services:			
Pupil	87,502	95,571	95,703
Instructional staff	81,935	91,695	93,796
General administration	517,225	546,521	492,103
Business services	13,400	23,275	25,187
Operation and maintenance	19,668	16,235	12,529
Central and other	262,262	329,982	310,211
Capital outlay	5,000	0	0
	<u>1,160,185</u>	<u>1,273,462</u>	<u>1,181,281</u>
Total expenditures			
	<u>1,160,185</u>	<u>1,273,462</u>	<u>1,181,281</u>
Excess (deficiency) of revenues over expenditures	<u>144,948</u>	<u>63,468</u>	<u>125,782</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in from other governmental units	6,147	15,147	0
Operating transfers out to other governmental units	(103,195)	(90,751)	(76,751)
Operating transfers out to other funds	(57,854)	(55,335)	(54,565)
	<u>(154,902)</u>	<u>(130,939)</u>	<u>(131,316)</u>
Total other financing sources (uses)			
	<u>(154,902)</u>	<u>(130,939)</u>	<u>(131,316)</u>
Net change in fund balance	(9,954)	(67,471)	(5,534)
Fund balance - beginning of year	1,761,745	1,761,745	1,761,745
Fund balance - end of year	<u>\$ 1,751,791</u>	<u>\$ 1,694,274</u>	<u>\$ 1,756,211</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenues</u>			
Local sources:			
Property taxes	\$ 1,849,375	\$ 2,209,658	\$ 2,233,907
Other	491,500	494,600	622,396
State sources	1,806,000	1,908,050	1,913,254
Federal sources	2,241,065	2,224,942	2,213,339
	<u>6,387,940</u>	<u>6,837,250</u>	<u>6,982,896</u>
Total revenues			
<u>Expenditures</u>			
Instruction:			
Added needs	1,849,240	1,894,768	1,877,396
Support services:			
Pupil	1,405,406	1,411,235	1,332,769
Instructional staff	466,298	454,573	521,837
General administration	127,348	137,797	137,062
Business services	16,000	16,000	22,312
Operation and maintenance	31,548	32,772	32,772
Transportation	860,287	967,467	918,686
Central and other	140,993	148,640	141,591
Capital outlay	8,000	0	0
	<u>4,905,120</u>	<u>5,063,252</u>	<u>4,984,425</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>1,482,820</u>	<u>1,773,998</u>	<u>1,998,471</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in from other governmental units	844,243	782,036	798,837
Operating transfers out to other governmental units	(2,327,063)	(2,809,046)	(2,606,397)
Operating transfers out to other funds	0	0	(4,247)
	<u>(1,482,820)</u>	<u>(2,027,010)</u>	<u>(1,811,807)</u>
Total other financing sources (uses)			
Net change in fund balance	0	(253,012)	186,664
Fund balance - beginning of year	256,329	256,329	256,329
Fund balance - end of year	<u>\$ 256,329</u>	<u>\$ 3,317</u>	<u>\$ 442,993</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule - Career and Technical Education Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenues</u>			
Local sources:			
Other	\$ 14,050	\$ 14,000	\$ 10,194
State sources	275,184	251,163	248,262
Federal sources	984,203	994,538	935,053
	<u>1,273,437</u>	<u>1,259,701</u>	<u>1,193,509</u>
Total revenues			
	<u>1,273,437</u>	<u>1,259,701</u>	<u>1,193,509</u>
<u>Expenditures</u>			
Instruction:			
Added needs	833,339	759,123	660,752
Support services:			
Pupil	640,493	664,789	661,624
General administration	118,028	121,960	117,275
	<u>1,591,860</u>	<u>1,545,872</u>	<u>1,439,651</u>
Total expenditures			
	<u>1,591,860</u>	<u>1,545,872</u>	<u>1,439,651</u>
Excess (deficiency) of revenues over expenditures	<u>(318,423)</u>	<u>(286,171)</u>	<u>(246,142)</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in from other governmental units	285,480	239,780	219,778
Operating transfers in from other funds	40,000	40,000	40,000
Operating transfers out to other governmental units	(7,057)	0	0
	<u>318,423</u>	<u>279,780</u>	<u>259,778</u>
Total other financing sources (uses)			
	<u>318,423</u>	<u>279,780</u>	<u>259,778</u>
Net change in fund balance	0	(6,391)	13,636
Fund balance - beginning of year	<u>360,831</u>	<u>360,831</u>	<u>360,831</u>
Fund balance - end of year	<u>\$ 360,831</u>	<u>\$ 354,440</u>	<u>\$ 374,467</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					Debt Service Fund	
	NetCon (Network Consortium) Fund	NMEC (Northern Michigan Electronics Consortium) Fund	COOR Medicaid Administrative Outreach Fund	Consortium Medicaid Administrative Outreach Fund	Food Service Fund	Durant Debt	Total
<u>Assets</u>							
Cash and investments	\$ 16	\$ 0	\$ 462,526	\$ 384,048	\$ 288	\$ 0	\$ 846,878
Receivables - Net:							
Accounts receivable	0	164,362	27,574	18,676	0	0	210,612
Due from other funds	0	0	0	2,797	5,220	0	8,017
Prepaid expense	0	38,558	0	0	0	0	38,558
Total assets	<u>\$ 16</u>	<u>\$ 202,920</u>	<u>\$ 490,100</u>	<u>\$ 405,521</u>	<u>\$ 5,508</u>	<u>\$ 0</u>	<u>\$ 1,104,065</u>
<u>Liabilities and Fund Balance</u>							
<u>Liabilities</u>							
Accounts payable	\$ 0	\$ 1,180	\$ 0	\$ 0	\$ 5,508	\$ 0	\$ 6,688
Due to other funds	0	192,590	2,796	0	0	0	195,386
Total liabilities	0	193,770	2,796	0	5,508	0	202,074
<u>Fund Balance</u>							
Restricted for fund purposes	16	9,150	487,304	405,521	0	0	901,991
Total fund balance	16	9,150	487,304	405,521	0	0	901,991
Total liabilities and fund balance	<u>\$ 16</u>	<u>\$ 202,920</u>	<u>\$ 490,100</u>	<u>\$ 405,521</u>	<u>\$ 5,508</u>	<u>\$ 0</u>	<u>\$ 1,104,065</u>

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Other Supplemental Information
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds					Debt Service Fund	
	NetCon (Network Consortium) Fund	NMEC (Northern Michigan Electronics Consortium) Fund	COOR Medicaid Administrative Outreach Fund	Consortium Medicaid Administrative Outreach Fund	Food Service Fund	Durant Debt	Total
<u>Revenues</u>							
Local sources	\$ 1	\$ 0	\$ 15,928	\$ 14,608	\$ 7,926	\$ 0	\$ 38,463
State sources	0	0	0	0	1,266	0	1,266
Federal sources	0	0	95,916	0	26,400	0	122,316
Total revenues	1	0	111,844	14,608	35,592	0	162,045
<u>Expenditures</u>							
Support services:							
General administration	0	17,047	21,503	0	0	0	38,550
Central and other	0	424,995	0	0	0	0	424,995
Food services	0	0	0	0	40,517	0	40,517
Debt service:							
Principal	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0
Total expenditures	0	442,042	21,503	0	40,517	0	504,062
Excess (deficiency) of revenues over expenditures	1	(442,042)	90,341	14,608	(4,925)	0	(342,017)
<u>Other Financing Sources (Uses)</u>							
Operating transfers in from other governmental units	0	421,106	0	0	0	0	421,106
Operating transfers in from other funds	0	14,565	0	0	4,247	0	18,812
Total other financing sources (uses)	0	435,671	0	0	4,247	0	439,918
Net change in fund balance	1	(6,371)	90,341	14,608	(678)	0	97,901
Fund balance - beginning of year	15	15,521	396,963	390,913	678	0	804,090
Fund balance - end of year	\$ 16	\$ 9,150	\$ 487,304	\$ 405,521	\$ 0	\$ 0	\$ 901,991

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Other Supplemental Information
Schedule of Indebtedness - 1998 School Improvement Bonds
For the Year Ended June 30, 2008

PURPOSE

The State of Michigan issued the 1998 School Improvement Bond Issue on November 24, 1998 in the amount of \$767,506. The principal and interest on this bond issue is to be repaid by future state aid resulting from the Durant settlement. The bonds bear an interest rate of 4.76% and are due serially through 2013. The bond proceeds were used for the purpose of paying for certain capital expenditures for improvements in and for the District in accordance with Section 1351a of Act 451 of the Public Acts of 1976, as amended, being MCLA 380.1351a.

DATE OF ISSUE

November 24, 1998

AMOUNT OF ISSUE

\$ 767,506

AMOUNT RETIRED

During prior years

\$ 314,322

During current year

0

314,322

BALANCE OUTSTANDING - June 30, 2008

\$ 453,184

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.76%	\$ 42,714	\$ 11,184	\$ 53,898
2010	4.76%	263,043	99,081	362,124
2011	4.76%	46,877	7,020	53,897
2012	4.76%	49,106	4,788	53,894
2013	4.76%	51,444	2,449	53,893
		<u>\$ 453,184</u>	<u>\$ 124,522</u>	<u>\$ 577,706</u>



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October 22, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
C.O.O.R. Intermediate School District
Roscommon, Michigan

We have audited the financial statements of C.O.O.R. Intermediate School District as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered C.O.O.R. Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether C.O.O.R. Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standard*.

This report is intended solely for the information and use of the Board of Education, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh



WEINLANDER FITZHUGH

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October 22, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
C.O.O.R. Intermediate School District
Roscommon, Michigan

Compliance

We have audited the compliance of C.O.O.R. Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. C.O.O.R. Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questionable costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of C.O.O.R. Intermediate School District's management. Our responsibility is to express an opinion on C.O.O.R. Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about C.O.O.R. Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of C.O.O.R. Intermediate School District's compliance with those requirements.

In our opinion, C.O.O.R. Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ended June 30, 2008.

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Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
Page 2

Internal Control Over Compliance

The management of C.O.O.R. Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirement of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered C.O.O.R. Intermediate School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was not for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, board of education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2008

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? ☐ YES ☒ NO
- Significant deficiencies identified not considered to be material weaknesses? ☐ YES ☒ NO

Noncompliance material to financial statements noted? ☐ YES ☒ NO

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? ☐ YES ☒ NO
- Significant deficiencies identified not considered to be material weaknesses? ☐ YES ☒ NO

Type of auditor's report issued on compliance of major programs: Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? ☐ YES ☒ NO

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education IDEA
84.173	Special Education Preschool
93.778	Medicaid Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ YES ☐ NO

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2008

SECTION II - Financial Statement Findings

There are no matters reported.

SECTION III - Federal Award Findings and Questioned Costs

There are no matters reported.

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued or (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2008	Total Revenue
Clusters:									
Child Nutrition Cluster									
U.S. Department of Agriculture									
Passed through MDE									
<u>National School Lunch Breakfast</u>	10.553								
081970 & 071970 Breakfast		\$ 8,845	\$ 0	\$ 0	\$ 0	\$ 8,845	\$ 8,845	\$ 0	\$ 8,845
<u>National School Lunch Program</u>	10.555								
081950 & 071950 Lunch		2,274	0	0	0	2,274	2,274	0	2,274
071960 & 061960 Lunch		15,281	0	0	0	15,281	15,281	0	15,281
		17,555	0	0	0	17,555	17,555	0	17,555
Total Child Nutrition Cluster		26,400	0	0	0	26,400	26,400	0	26,400
Special Education Cluster									
U.S. Department of Education									
Passed through MDE									
<u>Handicapped Preschool & Schools Prog</u>	84.027								
PL 94-142 Flowthrough:									
Project 070450-0607		1,932,381	1,932,381	434,786	0	434,786	(1)	0	0
Project 080450-0708		1,935,311	0	0	0	1,935,311	1,935,311	0	1,935,311
State Initiated / Competitive:									
Project 080480-EOSD		50,000	0	0	0	50,000	50,000	0	50,000
State Initiated / Department									
Project 080490-TS		60,000	0	0	0	60,000	60,000	0	60,000
		3,977,692	1,932,381	434,786	0	2,480,097	2,045,310	0	2,045,311
<u>Preschool Grant</u>	84.173A								
PL 94-142 Pre School Incentive:									
Project 080460-0708		68,418	0	0	0	68,418	68,418	0	68,418
Total Special Education Cluster		4,046,110	1,932,381	434,786	0	2,548,515	2,113,728	0	2,113,729

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Federal Grantor Pass Through Grantor <u>Program Title Grant Number</u>	Federal CFDA <u>Number</u>	Approved Grant Award <u>Amount</u>	(Memo Only) Prior Year <u>Expenditures</u>	Accrued or (Deferred) Revenue at <u>July 1, 2007</u>	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2008	Total Revenue
Other Federal Awards:									
U.S. Department of Education									
Direct Program									
Rural Education Achievement Program	84.358								
Program #S358A074887		\$ 18,861	\$ 0	\$ 0	\$ 0	\$ 18,861	\$ 18,861	\$ 0	
Program #S358A064887		18,382	18,382	18,382	0	18,382	0	0	0
Total non cluster programs passed directly through USDOE		37,243	18,382	18,382	0	37,243	18,861	0	0
Passed through MDE									
<u>Educationally Deprived Children</u>	84.010								
Title I Part D Grants:									
Project 081530-0708		6,930	0	0	0	0	5,936	5,936	5,936
Project 081700-0708		43,552	0	0	0	0	36,778	36,778	36,778
Project 071530-0607		6,601	5,607	5,607	0	5,607	0	0	0
Project 061530-0607		994	994	994	0	994	0	0	0
Project 061700-0607		39,537	37,723	13,700	0	13,700	0	0	0
Project 071700-0607		41,764	4,847	4,847	0	4,847	0	0	0
		139,378	49,171	25,148	0	25,148	42,714	42,714	42,714
<u>Infants and Toddlers</u>	84.181								
Infant and Toddler Formula Grant:									
Project 081340-190		99,611	0	0	0	99,611	99,611	0	99,611
Project 071340-190		97,977	97,977	19,254	0	19,254	0	0	0
		197,588	97,977	19,254	0	118,865	99,611	0	99,611
<u>Voc Ed Tech-Prep Education</u>	84.243								
Vocational Education Tech Prep:									
Project 073540-7014-6		100,026	100,026	51,754	0	51,754	0	0	0
Project 083540-8014-06		100,941	0	0	0	50,000	100,941	50,941	100,941
		200,967	100,026	51,754	0	101,754	100,941	50,941	100,941

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued or (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2008	Total Revenue
<u>Title V - Innov Educ Program Strategies</u>	84.298								
Title V Flow Thru Grants:									
Project 080250-0708		\$ 1,362	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,042	\$ 1,042	1,042
Project 070250-0607		1,846	1,617	1,617	0	1,526	229	320	229
		3,208	1,617	1,617	0	1,526	1,271	1,362	1,271
<u>Improving Teacher Quality</u>	84.367								
Title II Part A Teacher Training									
Project 080520-0708		211	0	0	0	0	211	211	211
Project 070520-0607		211	211	211	0	211	0	0	0
		422	211	211	0	211	211	211	211
<u>Service Provider Self-Review</u>	84.027A								
2006-2007		800	800	800	0	800	0	0	0
Total non cluster programs passed through MDE		542,363	249,802	98,784	0	248,304	244,748	95,228	244,748
Passed through Other ISD's									
<u>Vocational Education - Basic Grants to States</u>	84.048								
Vocational Education Regional Allocation:									
Passed through Clare-Gladwin RESD:									
Perkins - Project #073520-7012-6		159,963	155,963	65,041	0	65,041	0	0	0
Perkins - Project #083520-8012-06		152,265	0	0	0	100,524	152,265	51,741	152,265
Total non cluster programs passed through other ISD's		312,228	155,963	65,041	0	165,565	152,265	51,741	152,265
Total US Department of Ed non cluster Programs		891,834	424,147	182,207	0	451,112	415,874	146,969	397,013

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued or (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2008	Total Revenue
U.S. Department of Labor									
Passed through Consortiums:									
<u>WIA Youth Activities</u>	17.259								
NEMC - WIA Youth Program (2006-07)		\$ 194,924	\$ 108,041	\$ 34,127	\$ 0	\$ 34,127	\$ 0	\$ 0	0
Region 7B - WIA Youth Program (2006-07)		161,582	158,685	51,539	0	51,539	0	0	0
NEMC - WIA Youth Program (2007-08)		123,556	0	0	0	56,284	123,625	67,341	123,625
Region 7B - WIA Youth Program (2007-08)		161,582	0	0	0	95,156	159,963	64,807	159,963
		<u>641,644</u>	<u>266,726</u>	<u>85,666</u>	<u>0</u>	<u>237,106</u>	<u>283,588</u>	<u>132,148</u>	<u>283,588</u>
 <u>Wagner Peyser/Employment Service</u>									
	17.207								
Region 7B - Employment Services (2007-08)		401,276	0	0	0	354,623	398,259	43,636	398,259
Region 7B - Employment Services (2006-07)		375,358	340,906	89,089	0	89,089	0	0	0
		<u>776,634</u>	<u>340,906</u>	<u>89,089</u>	<u>0</u>	<u>443,712</u>	<u>398,259</u>	<u>43,636</u>	<u>398,259</u>
Total non cluster programs passed through consortiums		<u>1,418,278</u>	<u>607,632</u>	<u>174,755</u>	<u>0</u>	<u>680,818</u>	<u>681,847</u>	<u>175,784</u>	<u>681,847</u>
 U.S. Department of Health and Human Services									
Passed through Michigan Community Health:									
<u>Medical Assistance Program Title XIX</u>	93.778								
Pupil Transportation Costs for School									
Based Services		5,300	0	0	0	5,300	5,300	0	5,300
Medicaid Administrative Outreach		90,616	0	0	0	90,616	90,616	0	90,616
		<u>95,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>95,916</u>	<u>95,916</u>	<u>0</u>	<u>95,916</u>
Total non cluster programs passed through MI Community Health		<u>95,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>95,916</u>	<u>95,916</u>	<u>0</u>	<u>95,916</u>
 Total Federal Financial Assistance		<u>\$ 6,478,538</u>	<u>\$ 2,964,160</u>	<u>\$ 791,748</u>	<u>\$ 0</u>	<u>\$ 3,802,761</u>	<u>\$ 3,333,765</u>	<u>\$ 322,753</u>	<u>\$3,314,905</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROVIDED TO SUBRECIPIENTS
For the Year Ended June 30, 2008

Program Title Subrecipient Name	Federal CFDA Number	Subrecipient Award/Contract Amount	(Memo Only) Subrecipient Prior Year Expenditures	Due to (from) Subrecipient July 1, 2007	Adjustments	Current Year Cash Transferred to Subrecipient	Subrecipient Current Year Expenditures	Due to (from) Subrecipient June 30, 2008
dicapped Preschool & Schools Prog	84.027							
PL 94-142 Flowthrough:								
Project # 080450								
Crawford AuSable Schools		\$ 423,644	\$ 0	\$ 0	\$ 0	\$ 423,644	\$ 423,644	\$ 0
Fairview Area Schools		102,212	0	0	0	102,212	102,212	0
Gerrish-Higgins Schools		342,950	0	0	0	342,950	342,950	0
Houghton Lake Schools		384,641	0	0	0	384,641	384,641	0
Mio AuSable Schools		185,596	0	0	0	185,596	185,596	0
West Branch-Rose City Area Schools		496,268	0	0	0	496,268	496,268	0
		1,935,311	0	0	0	1,935,311	1,935,311	0
State Initiated / Department:								
Project #080490								
Crawford AuSable Schools		3,866	0	0	0	3,866	3,866	0
Fairview Area Schools		902	0	0	0	902	902	0
Gerrish-Higgins Schools		1,465	0	0	0	1,465	1,465	0
Houghton Lake Schools		1,814	0	0	0	1,814	1,814	0
Mio AuSable Schools		924	0	0	0	924	924	0
West Branch-Rose City Area Schools		7,123	0	0	0	7,123	7,123	0
		16,094	0	0	0	16,094	16,094	0
Total for CFDA #84.027		1,951,405	0	0	0	1,951,405	1,951,405	0
ational Education - Basic Grants to States	84.048							
Perkins:								
Project #6014-06								
Crawford AuSable Schools		403	0	0	0	403	403	0
Fairview Area Schools		174	0	0	0	174	174	0
Houghton Lake Schools		5,490	0	0	0	5,490	5,490	0
Mio AuSable Schools		500	0	0	0	500	500	0
West Branch-Rose City Area Schools		4,827	0	0	0	4,827	4,827	0
Total for CFDA #84.048		11,394	0	0	0	11,394	11,394	0

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROVIDED TO SUBRECIPIENTS
For the Year Ended June 30, 2008

Program Title <u>Subrecipient Name</u>	Federal CFDA Number	Subrecipient Award/Contract Amount	(Memo Only) Subrecipient Prior Year Expenditures	Due to (from) Subrecipient July 1, 2007	Adjustments	Current Year Cash Transferred to Subrecipient	Subrecipient Current Year Expenditures	Due to (from) Subrecipient June 30, 2008
<u>nts and Toddlers</u>	84.181							
Infant and Toddler Formula Grant:								
Project 081340								
West Branch-Rose City Area Schools		\$ 24,903	\$ 0	\$ 0	\$ 0	\$ 24,903	\$ 24,903	\$ 0
Total for CFDA #84.181		24,903	0	0	0	24,903	24,903	0
<u>Ed Tech-Prep Education</u>	84.243							
Vocational Education Tech Prep:								
Project 083540								
Crawford AuSable Schools		995	0	0	0	995	995	0
West Branch-Rose City Area Schools		2,015	0	0	0	2,015	2,015	0
Total for CFDA #84.243		3,010	0	0	0	3,010	3,010	0
1 Passed Through to Subrecipients		\$ 1,990,712	\$ 0	\$ 0	\$ 0	\$ 1,990,712	\$ 1,990,712	\$ 0

See Accompanying Notes to Schedule of Expenditures of Federal Awards

C.O.O.R. INTERMEDIATE SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of C.O.O.R. Intermediate School District and is presented in the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, C.O.O.R. Intermediate School District provided federal awards to subrecipients as noted in the Schedule of Expenditures of Federal Awards Provided to Subrecipients.

NOTE 3 - OTHER DISCLOSURES

Management has utilized the Grants Section Auditors Report and the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards and all amounts have been reconciled.

The total current year expenditures reported in the Schedule of Expenditures of Federal Awards agrees to the total federal revenue reported in the School District's basic financial statements.



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

October 22, 2008

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Board of Education
C.O.O.R. Intermediate School District
11051 North Cut Road
Roscommon, MI 48653

We have audited the financial statements of the C.O.O.R. ISD for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 24, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the School District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the School District's compliance with those requirements.

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WEINLANDER FITZHUGH

Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
Page 2

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on June 24, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by C.O.O.R. ISD are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2008 fiscal year. We noted no transactions entered into by the ISD during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fixed asset depreciation is based on the estimated useful lives of the fixed assets. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.



WEINLANDER FITZHUGH

Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
Page 3

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the audit, there were no significant reclassification and audit adjustments required.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated October 22, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



WEINLANDER FITZHUGH

Board of Education
C.O.O.R. Intermediate School District
October 22, 2008
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the ISD's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the School Board, management and others within the School District and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh